

Adopted	Rejected
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COMMITTEE REPORT

YES:	22
NO:	1

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1578, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, delete lines 1 through 17.
- 2 Delete pages 2 through 5.
- 3 Page 6, delete lines 1 through 40.
- 4 Page 8, line 14, reset in roman "ten".
- 5 Page 8, line 14, delete "five".
- 6 Page 8, line 14, reset in roman "(\$10,000)".
- 7 Page 8, line 14, delete "(\$5,000)".
- 8 Page 8, delete lines 23 through 42.
- 9 Page 9, delete lines 1 through 13.
- 10 Page 10, delete lines 27 through 42.
- 11 Page 11, delete lines 1 through 39.
- 12 Page 6, between lines 40 and 41, begin a new paragraph and insert:
- 13 "SECTION 5. IC 6-3.1-6-1 IS AMENDED TO READ AS
- 14 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. For the
- 15 purposes of this chapter:
- 16 "Agreement" means any agreement entered into with the

commissioner of the department of correction under IC 11-10-7-2 that has been approved by a majority of the members of the state board of correction.

"Pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);**
- (2) partnership;**
- (3) trust;**
- (4) limited liability company; or**
- (5) limited liability partnership.**

"Qualified property" means any machinery, tools, equipment, building, structure, or other tangible property considered qualified property under Section 38 of the Internal Revenue Code that is used as an integral part of the operation contemplated by an agreement and that is installed, used, or operated exclusively on property managed by the department of correction.

"State income tax liability" means a taxpayer's total income tax liability incurred under IC 6-2.1 and IC 6-3, as computed after application of credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has state tax liability. The term includes a pass through entity.

"Wages paid" includes all earnings surrendered to the department of correction under IC 11-10-7-5.

SECTION 6. IC 6-3.1-6-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 6. If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:**

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by**
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.**

The credit provided under this section is in addition to a tax credit

1 to which a shareholder, partner, beneficiary, or member of a pass
2 through entity is entitled. However, a pass through entity and an
3 individual who is a shareholder, partner, beneficiary, or member
4 of a pass through entity may not claim more than one (1) credit for
5 the qualified expenditure."

6 Page 18, after line 17, begin a new paragraph and insert:

7 "SECTION 23. [EFFECTIVE JANUARY 1, 2002] **IC 6-3.1-6-1, as**
8 **amended by this act, and IC 6-3.1-6-6, as added by this act, apply**
9 **to taxable years beginning after December 31, 2001.**"

10 Renumber all SECTIONS consecutively.

(Reference is to HB 1578 as introduced.)

and when so amended that said bill do pass.

Representative Bauer